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The Problem:

Balanced national growth means exactly what it says -- "balance."

This implies two things:

-- A strategy that includes all the diverse regions of this country. This means avoiding the self-defeating trap of approaching urban and rural problems and development totally independent of one another. We cannot -- we must not -- have two separate programs -- one urban, one rural. The nation has been down that road before and it has failed.

-- A strategy of parallel growth and development not only to meet the economic needs of people but equal emphasis on meeting the social and cultural needs, as well. While a strong and growing national economy is basic to meeting the other needs, it is imperative that the quality of living for people keep a balanced pace with economic growth. This includes housing, health, education, transportation, and the cultural amenities.

Text of Remarks Prepared for delivery by Secretary of Agriculture Bob Bergland at the White House Conference on Balanced National Growth and Development, Washington, D.C., January 30, 1978 at 1:00 p.m.

What is Rural America?

Rural America is 87 percent of the Nation's land area.

It contains 27 percent of the people -- over 60 million persons.

It is where all the nation's food and fiber for 215 million people are produced by just over 3 percent of the people.

Rural America has over 50 percent of the nation's substandard housing and 40 percent of the nation's poverty-line families.

Rural America lags behind the rest of the nation in health, education and other necessary public and social facilities.

The people of rural America are comparatively voiceless and leaderless. They also lack the professional social and agency expertise of densely populated areas. The delivery system of available government programs and financial and technical services are inadequate.

Rural America is as diverse and as vast as the nation itself. The problems of rural New England can be as

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different from the problems of rural Alabama, Texas, South Dakota and Oregon as the land mass that separates them. The problems of the Yankees in Vermont are as different to the needs of the Hispanics in New Mexico and the Indians of the West as they are in national origin and environment.

But the complexity, the diversity and the separateness of the problems of rural America does not mean that rural development be treated as an isolated economic and social objective in our search for balanced national growth.

Trends

There is a new awareness of the potential attractiveness and future of rural America. The nation would be wise and foresighted if it would invest its attention, its resources and its energies to develop this potential.

Since 1970, almost two million more people have moved to rural places than have opted for metropolitan life and this migration is more than just a continuation of urban sprawl. Counties not adjacent to population centers are increasing in population after decades of steady out-migration.

Though this rural population trend is not occurring in every area, the general trend is nevertheless real. A national poll revealed that more than half the people now living in urban areas would prefer to live in the countryside, the small towns and cities of rural America if adequate economic and social opportunities were available.

The reasons behind this trend are numerous:

-- Rural America is an area of vast, untapped resources. It is where our huge coal and mineral deposits are located. The nation's energy crisis has given these resources a new magnitude of importance.

-- It is where the timber is -- the lakes, the rivers, the streams, the clean and unpolluted air. It is an area of open spaces and natural beauty.

-- Rural America contains the nation's most precious finite resource -- the land on which all the nation's food and fiber abundance is produced. It is on this food that the nation's well being and security ultimately rests. It is this food that millions of people and scores of under-developed countries need for bare existence. It is this food that has become this nation's most effective instrument for world understanding and cooperation. It is the \$24 billion

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worth of American food that helps this nation to buy some \$40 billion worth of imported oil this year to keep our factories running and our people employed.

-- Finally, rural America is the nation's untapped reservoir of unused human resources with the kind of strength, spirit, initiative, energy, and potential leadership this country sorely needs.

It is this very diversity of people and resources that is the real potential strength of Rural America. It is in the national interest that we invest in its development.

A Mandate To Develop Rural America

Section 603 of the Rural Development Act of 1972 gave the U.S. Department of Agriculture a mandate and the responsibility to give direction and assistance to the growth and development of this segment of our nation. We intend to use this mandate and fulfill our designated responsibilities to the full extent of the Department's resources and manpower.

We will use a bottom-up type of development structure.

This is not only realistic -- it is necessary.

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Each region -- each state -- each county -- each small village and every type of farm has its own particular problems and deficiencies. Each has its own special resources upon which to build and develop.

No grand strategy -- no overall policy from on high -- no amount of Federal guidelines and regulations could possibly be devised and used to meet each and every circumstance.

Therefore, decision-making and direction of development must start and end at the local and state level.

The role of the Federal government must be limited to research, to counsel, to cooperation, and to provide the necessary financial and technical assistance to get genuine rural development underway.

Essentially, the role of the Federal government must be one of a "hand-up -- not a hand-out" strategy.

Most of the funds necessary for rural development -- as it must for urban development -- be in the form of loans, whether for individuals, local communities, public institutions and authorities. The loans should carry both a

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flexible interest and repayment rate adjusted to the needs of the people and the locality.

Outright government grants must be used prudently and when absolutely necessary.

But the over-riding thing to remember is this: that this development program for balanced growth must be considered a national investment with great potential returns -- not a recurring annual cost to the taxpayers or public charity without a purpose or without great dividends.

USDA Reorganization

The U.S. Department of Agriculture is regearing its agency structure to carry out its rural development strategy.

We are combining the Farmers Home Administration and the Rural Development Services into one agency -- the Farm and Rural Development Administration (FRDA). The department's over-all thrust and effectiveness in this area are enhanced. It combines into a single agency the very considerable financial resources, manpower, and state and

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local field offices of FmHA with the professional planning, management and research expertise of the Rural Development Service.

In addition, we are combining the resources and manpower of various science and education agencies under one tent in cooperation with the companion agencies on the state level and the land grant colleges.

Their combined research and development programs will include conservation and new sources of energy, housing, health, education, nutrition, land and water conservation, farm technologies, small family farms, rural industrial development and all the rest. No facet necessary to complete rural development will be left unexplored.

This research and development and education will be as important as funding in achieving balanced growth in rural America. It will be made available to every person and to every local and state government unit in the country.

A Single Delivery System

All the government programs of assistance you can devise and all the grand strategies you can employ are worthless unless they are made available and delivered where they are needed.

This is the bottom line of rural development.

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Thus far, our delivery system has been inadequate at best and completely non-existent in too many cases.

The biggest weakness, I submit, is in the delivery of non-USDA programs into rural areas. This has been going on for years.

This has not been due to any deliberate intent or oversight by the various departments and their agencies. Primarily it has been the result of lack of personnel and field offices to reach out to the vast and sprawling rural areas where communities are far apart and population is often sparse. It has also been due to the absence of adequate receiving facilities in rural areas. Most rural areas lack professional people, agencies and organizations to employ the programs properly even if they are delivered. And too often, there is complete lack of knowledge that many programs for rural areas even exist.

This complicates and makes more difficult real rural development in many areas. But a solution must be found.

Initially, we should concentrate on improving and simplifying the delivery of all Federal assistance programs.

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In recent years, Federal agencies responsible for administration of these core community development programs (including FmHA) have tried to develop cooperative arrangements under which a program supports or contributes to another in connection with a specific project. Usually, grant funds administered by one agency have been used to supplement loan funds administered by another. These arrangements have proved useful on an ad hoc basis; they have not, however, changed basic methods used in administering the core programs. These remain essentially compartmentalized and independent of each other, responsive to immediate demands rather than long-term goals and priorities.

This method of administering Federal aid for local community development, urban or rural, leads to many of the problems State and local officials complain about: administrative confusion, overlapping grants, conflicting money disbursement schedules, different rules and regulations among similar programs, duplicative requirements, and the rest.

One agency may insist on construction standards more stringent than those of another. One agency may require matching funds at a ten percent level; another, at a thirty percent level. One may provide funds for major construction purposes, such as sewage treatment works; another may consider such major works unnecessary or beyond the capacity of a local community to afford. One may accept State

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certifications; another may not. One may require a comprehensive planning process the community already has accomplished under another Federal program. One agency may disperse money annually; another on a project-by-project basis. One may provide direct technical assistance; another may depend on State or contract personnel.

For reasons explained previously, nonmetropolitan governments are especially handicapped in coping with the present piecemeal, agency-by-agency administration of Federal aid. They do not have the manpower or expertise to deal with the problems and complexities. Their financial base is limited. Conditions found in small towns and counties often make it difficult to adjust to rules and regulations more suitable for urban areas.

Nonmetropolitan areas need a single Federal system for delivering core community development assistance that will provide funds directly, uniformly, and efficiently and will take into consideration the conditions and priorities found in such areas. Such a system would group like programs under one administrator and permit direct funding in consultation with State and local governments, to areas and projects in order to produce the greatest long-term benefit, at the least administrative cost to all participants -- Federal, State, and local.

The Farmers Home Administration is preparing reorganization plans that will enable the agency to provide a single service federal delivery system, with nearly 2,000 county offices, to significantly improve its capability for delivering planning, technical, and financial assistance for rural community and local development. State Offices will be reorganized to give adequate weight to the agency's community development responsibilities and to establish a direct line of communication and consultation with State government officials responsible for community development programs. Multi-county district offices will become the primary delivery point for the agency's community development programs. County offices will remain the primary delivery point for the agency's farm lending and single family homeownership lending activities. The substate district offices will be responsible for administration of FmHA loans and grants for community development, business and industry, and multiple-unit housing. Adequate technical and administrative support will be provided to support these offices. Geographic areas of responsibility covered by these district offices will be adjusted, wherever possible to make them coterminous with official substate planning and development districts.

The objective is to enable these FmHA district offices to maintain a continuing and close operational relationship with substate development districts and local governments in establishing priorities to guide FmHA community program

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assistance and to make a contribution to more improved FmHA program administration.

In sum, with respect to community loan and grant assistance, FmHA is preparing to establish an entirely new and unique Federal-State-local partnership. Whenever practicable FmHA would make use of State and substate district personnel and other local resources to help administer its programs through negotiations and volunteer agreements.

This plan, when fully implemented, should resolve a number of problems cited previously insofar as FmHA is concerned: State and local governments would be drawn into a close planning and working relationship with the agency. The technical capacity of the agency to make and follow-up on community projects receiving assistance would be greatly enhanced. New and important sources of technical assistance outside the agency could be tapped. FmHA would have a mechanism not only to recognize and act on local community development priorities but also to inject national priorities (such as housing for low income residents and energy conservation) into local plans and programs.

We are suggesting that in nonmetropolitan areas FmHA be assigned responsibility for administering a selected number of those core Federal programs for community development not already in the agency, i.e. loans and grants

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for public works and economic development, community development block grants, and water pollution control and construction grants, plus supporting planning and technical assistance.

This approach already has a precedent, namely, the manner in which some Federal housing programs are now handled under National Housing Acts. Although the Senate Committee on Banking, Housing and Urban Affairs and the House Committee on Banking, Finance and Urban Affairs have jurisdiction over national housing laws, these laws assign most urban housing programs to HUD and most rural housing programs to FmHA.

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